

FEB 15 1928



TWELFTH

ANNUAL REPORT—1927

JEWEL TEA CO., INC.
NEW YORK CHICAGO



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ANNUAL REPORT - 1927

JEWEL TEA CO. INC.

CHICAGO

NEW YORK

JEWEL TEA CO. INC.

GENERAL OFFICES
5 NORTH WABASH AVENUE
CHICAGO, ILLINOIS

DIRECTORS:

JOHN M. HANCOCK, Chairman

HENRY S. BOWERS
M. H. KARKER
ARTHUR LEHMAN
HERBERT H. LEHMAN

JOHN C. REGAN
FRANK P. ROSS
ARTHUR SACHS
O. B. WESTPHAL

OFFICERS:

JOHN M. HANCOCK

Chairman of the Board of Directors

M. H. KARKER, President

O. B. WESTPHAL, Vice-President

JOHN C. REGAN, Vice-President

W. D. SMITH, Secretary

F. M. KASCH, Treasurer

ROBERT W. MUIR, Assistant Secretary

TRANSFER AGENT:

AMERICAN EXCHANGE IRVING TRUST COMPANY,
60 Broadway, New York City

REGISTRAR:

LAWYERS TRUST COMPANY, 160 Broadway, New York City

AUDITORS:

TOUCHE, NIVEN & CO., Public Accountants.
New York and Chicago

100-50000

JEWEL TEA CO., INC.

5 North Wabash Avenue,

Chicago, Ill., February 10, 1928.

To the Stockholders:

The twelfth annual report, including the financial results of operations of your company for the fiscal year ending December 31, 1927 and the balance sheet of that date, is presented herewith.

Net profit for the year, after taxes, was \$1,261,391.38 as compared with \$1,258,052.07 for 1926. Earnings were at the rate of \$50.45 per share on the 25,000 shares of preferred stock outstanding at the end of the year and \$9.05 per share on the common, after providing for the current 7% dividend on the 25,000 shares of preferred. In addition to the regular current dividends on preferred, the balance of \$14.00 per share in arrears was paid during the year. The surplus account was closed with a net balance of \$1,849,146.69.

Total sales amounted to \$14,532,336.26. In the last twenty weeks of the year sales were at the highest average per operating unit in the history of the business for those weeks. During the year the number of units in operation increased from 1090 to 1096 and a program of moderate expansion will be continued.

Total expenses compare favorably with 1926 and a new mark was set when automobile operating costs were reduced to \$10.67 per week for each truck operated. This compares with \$11.67 for 1926 and \$30.54 in 1920. Included in this total are charges for Gasoline, Oil, Garage Rent, Tires, License, Repairs, Painting, Depreciation and Direct Supervision.

Net Working Capital was \$3,179,257.81, an increase of \$363,389.73 over 1926 and the ratio of current assets to liabilities was 2.95 to 1. All acceptances arising from the importation of green coffee and due prior to March 10, 1928 were paid before the close of the year.

Dividends paid on outstanding preferred stock amounted to \$551,775.00 and 2300 shares of preferred were purchased at a cost, after deducting dividends accrued, of \$258,000.00. On December 31, 1927 there were 600 shares of preferred stock held in the treasury, 4400 shares having been retired in August by direction of the stockholders. The company maintained a strong cash position and had on hand at the end of the year total cash of \$666,479.40 and marketable securities \$1,290,842.26, an increase of \$409,487.17 in cash and securities for the year.

The merchandising of coffee through retail stores, started July 12, 1926 in the Boroughs of Brooklyn and Queens of New York City, was continued and the cost of these experimental operations in the development of that method of marketing was charged to the reserve for contingencies.

The showing of your company for the year 1927 is largely due to the loyalty of stockholders and customers and the hard and earnest work of the whole organization. Results for the year are wholly satisfactory and the management is very happy to express its grateful appreciation of this effective cooperation and support.

M. H. KARKER, President.

For the Board of Directors:

JOHN M. HANCOCK,

Chairman.

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JEWEL TEA CO. BALANCE SHEET, DECEMBER 31, 1928

ASSETS

CURRENT ASSETS:

Cash		\$ 666,479.40
Marketable securities (at cost) and interest:		
United States Liberty Bonds.....	\$ 983,378.84	
Federal Land Bank Bonds.....	307,463.42	
		1,290,842.26
Common stock held for employees, at cost less payments thereon		57,682.00
Accounts receivable:		
Trade customers	\$ 268,413.97	
Due from jobbers	476,216.60	
Miscellaneous	64,893.75	
	\$ 809,524.32	
Less Reserve for doubtful accounts.....	68,274.88	
		741,249.44
Inventories at cost or market, whichever is lower:		
Products merchandise	\$1,399,481.69	
Premium merchandise	594,987.66	
		1,994,469.35
Trust fund investments (Sundry deposits per contra).....		61,438.96
		<u>\$4,812,161.41</u>

DEFERRED CHARGES:

Premium merchandise (at cost) advanced to customers	\$ 785,265.78	
Less Reserve for doubtful accounts.....	145,771.38	
		\$ 639,494.40
Inventory of expense supplies.....		37,343.11
Unexpired insurance premiums, prepaid expenses, etc.		97,362.15
		<u>774,199.66</u>

CAPITAL ASSETS:

Land and buildings, branches.....	\$ 89,114.74	
Machinery, furniture and fixtures at plants.....	441,497.13	
Delivery and branch equipment.....	761,543.52	
		\$1,292,155.39
Less Reserve for depreciation.....		744,769.55
		<u>547,385.84</u>
<u>GOODWILL</u>		120,000.00

\$6,253,746.91

We have audited the books and accounts of the JEWEL TEA CO. INC., for the year then ended, and accompanying income and surplus account are in accordance therewith, and exhibit the same, together with the results of operations for the year then ended.
CHICAGO, ILLINOIS, February 2, 1928.

A CO., INC.

DECEMBER 31, 1927

LIABILITIES

CURRENT LIABILITIES:

Letters of credit and acceptances.....	\$ 820,647.58	
Accounts payable	359,851.10	
Federal income taxes (year 1927).....	185,040.87	
Preferred stock dividends unclaimed	713.75	
Sundry accruals	205,211.34	
Surety deposits (Trust fund investments, per contra)	61,438.96	
	<u> </u>	\$1,632,903.60

<u>RESERVE FOR CONTINGENCIES</u>	151,696.62
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NET WORTH:

Capital stock, authorized and issued:

7% Cumulative preferred stock,		
25,600 shares of \$100.00 each.....	\$2,560,000.00	
Less in Treasury, 600 shares.....	60,000.00	
	<u> </u>	\$2,500,000.00

Common stock—

120,000 shares of no par value.....	120,000.00
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Total Capital Stock	\$2,620,000.00	
Surplus account (per annexed statement).....	1,849,146.69	
	<u> </u>	4,469,146.69

CONTINGENT LIABILITY:

For letters of credit issued against coffee contracts not shipped at December 31, 1927	\$ 440,750.00
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\$6,253,746.91

For the year ended December 31, 1927, and hereby certify that the above balance sheet
is, in our opinion, a correct statement of the financial position of the Company at that

TOUCHE, NIVEN & CO.,
Public Accountants.

JEWEL TEA CO., INC.

INCOME AND SURPLUS ACCOUNT FOR THE YEAR ENDED

DECEMBER 31, 1927

NET SALES		\$14,532,336.26
LESS COST OF SALES, including raw materials, labor, supplies, operating expenses, depreciation, etc.		<u>13,279,178.52</u>
NET PROFIT FROM OPERATIONS.....		\$ 1,253,157.74
OTHER INCOME:		
Interest and discount earned.....	\$149,762.79	
Miscellaneous	<u>43,511.72</u>	
		<u>193,274.51</u>
NET PROFIT before providing for Federal income taxes.....		\$ 1,446,432.25
LESS Provision for Federal income taxes.....		<u>185,040.87</u>
NET PROFIT for the year.....		\$ 1,261,391.38
DEDUCT:		
Dividends paid on preferred stock:—		
Current accrual	\$194,600.00	
Balance of arrears, in full.....	<u>420,000.00</u>	
		<u>\$614,600.00</u>
Less Dividends on treasury stock.....	<u>62,825.00</u>	
		<u>\$551,775.00</u>
Premium on preferred stock purchased and adjustment on sales of common stock to employes.....	34,780.47	
Appropriated for reserve for contingencies.....	<u>65,000.00</u>	
		<u>651,555.47</u>
BALANCE transferred to surplus account.....		\$ 609,835.91
SURPLUS BALANCE, January 1, 1927.....		<u>1,239,310.78</u>
SURPLUS BALANCE, December 31, 1927.....		<u>\$ 1,849,146.69</u>







